Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 9/30/2002

GAIN Report #CI2025

Chile

Canned Deciduous Fruit

Annual

2002

Approved by:
Christine M. Sloop, Agricultural Attache
U.S. Embassy
Prepared by:
Luis Hennicke, Agricultural Specialist

Report Highlights:
Chile's production of canned peaches in MY2002 is expected to expand, as weather has been favorable. A reduction in Greek production is expected to have a positive effect on Chilean exports in the coming year.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Santiago [CI1], CI

Executive Summary

The initial forecast of Chilean canned peach production in MY2002 (Jan-Dec 2003) shows an increase over this year's production and exports based on good weather during the winter months.

Our new projections on exports of canned peaches show an increase in MY2001, when compared to our previous estimates, reflecting an increased effort on the part of the canners to export due to the favorable exchange rate and stronger international demand. In MY2002, exports are expected to expand further as production in Greece is reportedly down.

The total area devoted to canning peaches is expected to remain relatively stable in the medium term.

Production

In Chile peach producers deliver all fresh peaches to canneries without any pre-selection. As a result, a certain percentage of the fruit is rejected immediately before being processed. The difference between the figure for production and deliveries includes canning rejects, which are either processed as juice or pulp, or totally discarded as waste. The pulp is used for a variety of products, including jams and confectionary products.

A little over 5,000 hectares are estimated to be planted to peach varieties for canning purposes. Approximately 1,660 hectares are planted north of Santiago in Region V (San Felipe-Los Andes). In the Santiago Metropolitan Region there are 1,422 hectares. The remainder is mostly planted south of Santiago in Region VI (Rancagua). Industry contacts indicate that some replanting with improved varieties continues to take place, but they do not foresee any expansion in either total area planted or production. Over 27 different peach varieties for canning are planted in Chile. The most popular variety which cover 75 percent of total planted area, are Pomona with 18 percent of total planted area; followed by other varieties like Andros, Fortuna and Phillip's Cling with a little over 12 percent each. Other varieties like Doctor Davies, Everts and Loadel do not exceed 6 percent each.

Peaches are canned only during the principal harvest season, which runs from December through April. Some canneries, but not all, can process other types of fruit (pears) or vegetables.

Although it is still early to predict with certainty, enough rain and sufficient cold hours during the winter months in all growing areas is expected to assure an excellent budding. This will have a positive effect on the upcoming MY2002 (Jan-Dec 2003) production of peaches for canning. Industry sources have indicated that the production forecast level for MY2002 should be back to normal, that is similar to the MY2000 output. For MY2001, unfavorable weather affected output and quality of peaches, mainly south of Santiago, reducing the quantity of fruit available for canning purposes. A larger percentage than normal went to pulp and juice production.

Prices offered to farmers for peaches for canning fell significantly this season reflecting the expected fall in demand and the dramatic fall of international prices for canned peaches in 2002.

Farm Prices for Peaches for Canning Purposes		
Year	Chilean Pesos per MT	U.S. Dollars per MT
1997	110,000	265.00
1998	145,000	322.00
1999	157,000	315.00
2000	126,250	250.00
2001	80,000	143.00
2002	85,000	128.21
Note: Chile's 2001 inflation rate was 2.1 percent, down from 4.5 percent a year earlier.		

Consumption

No official statistics are kept in Chile on canned peach consumption, production and ending stocks. These figures are derived from the only known data, i.e., the export figures. As a result, consumption figures could vary from report to report. In general, however, demand for canned peaches in Chile is considered to be relatively stagnant. This is partly the result of increased competition from alternative products, particularly ice cream and yogurt. Small profit margins do not permit canneries to advertise their products in the domestic market because potential advertising benefits are not justified by the high cost. For MY2001 (Jan-Dec 2002) we show in our PS&D table a significant reduction in domestic consumption as a result of an increase in local prices as a result of an increase in export demand due to a favorable exchange rate. As a result of the lower domestic availability of canned peaches, domestic prices rose 14.3 percent during the last 12 months.

Trade

It is expected that for MY2001 (Jan-Dec 2002), exports level of canned peaches will be higher than our previous estimates, but similar than the previous year due to an increasing export demand. Industry sources indicate that an increasing demand coupled with a devaluation of the peso has made exports more attractive, consequently industry has reduced the availability of canned peaches for the domestic market. For MY2002 due to a increase in production, exports are also forecasted to increase significantly. Export demand should also increase due to a reported shortfall in Greek production. Additionally a revaluation of the euro, makes exports to the EU more attractive. Industry sources indicate they expect an increase in demand from their main export markets Latin American as well. Please note that export figures in trade matrix in 2002, covers January through July only.

Stocks

There are no official stock figures available., Normally, the canning industry hesitates to specify stock size out of fear that large stocks may reflect poor sales and management, or adversely affect future prices. However, stocks are expected to fall to lower from the high level observed in MY2000 (Jan-Dec 2001).

Policy

Chile has no production supports or subsidies for canned peaches. Both government and industry continue to be concerned about competition from subsidized Greek peaches in third markets.

PS&D Table - Canned Peaches

PSD Table						
Country	Chile					
Commodity	Canned Peaches				(MT)(MT, Net Weight)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Deliv. To Processors	72000	71300	72000	62600	0	70000
Beginning Stocks	319	319	3160	3219	710	805
Production	46000	46000	39000	39000	0	45500
Imports	168	168	50	186	0	500
TOTAL SUPPLY	46487	46487	42210	42405	710	46805
Exports	36327	36268	34500	36000	0	39000
Domestic Consumption	7000	7000	7000	5600	0	7000
Ending Stocks	3160	3219	710	805	710	805
TOTAL DISTRIBUTION	46487	46487	42210	42405	710	46805

Export Trade Matrix

Export Trade Matrix			
Country	Chile		
Commodity	Canned Peaches		
Time period	Jan-Dec	Units:	M.T.
Exports for:	2001		2002
U.S.	1617	U.S.	4
Others		Others	
Mexico	13885	Mexico	8952
Peru	6177	Peru	2188
Venezuela	3387	Colombia	1921
Colombia	3329	Ecuador	1907
Ecuador	3318	Japan	1022
Bolivia	1846	Venezuela	816
Japan	813	Thailand	684
Guatemala	588	Bolivia	508
Argentina	476	Guatemala	385
El Salvador	303	El Salvador	226
Total for Others	34122		18609
Others not Listed	529		375
Grand Total	36268		18988

Note: Trade data for CY2002 covers the months of January through July only.

Import Trade Matrix

Import Trade Matrix			
Country	Chile		
Commodity	Canned Peaches		
Time period	Jan-Dec	Units:	M.T.
Imports for:	2001		2002
U.S.	0	U.S.	0
Others		Others	
Chile	100		
Greece	55		
Spain	31		
Total for Others	186		0
Others not Listed	0		0
Grand Total	186		0

Note: There are no import figures published for CY2002 yet.